

WIND ON THE WIRES: Responses to Questions posted to Michigan Energy Forum Website

21. How has Michigan, and how have other jurisdictions, chosen to incentivize or penalize exceeding or falling short of renewable targets?

If a Michigan electric provider falls short of renewable requirements, they are required to purchase sufficient RECs necessary to meet the standard, and, if the PSC determines that the electric provider did not make a good faith effort to meet the RES, the provider shall not recover costs of the purchasing RECs.

Other states with renewable requirements have varied penalties including: granting the utility commission authority to issue penalties, (CA, CO, CT, MO, MT, OH, TX, WA, NJ, MD), a penalty amount set by rule (AZ, NV, DE, MD, OR, NM), have the utility commission either impose a penalty or require compliance (MN) suspension of utility operating license (ME, NJ, DE, RI), disallow recovery of costs in rates (NJ, AZ), the appropriate sanction is determined by weighing certain stated factors (NJ) penalties are to be placed into a fund from which the state will buy RECs for state facilities (WA, OR), the supplier shall pay an alternative compliance payments for the shortfall (DE, MD, PA, DC), deficient supplier to develop a plan for compliance (MA), or penalties after regulatory hearing (HI, IA).

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